

Medicare Prescription Drug, Improvement, and Modernization Act of 2003
MEDICARE ENDORSED
PRESCRIPTION DRUG DISCOUNT CARD
Sec. 1860D-31 and 105

Discount Card. Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as signed by the President on December 8, 2003, the Medicare prescription drug discount card program will provide America's seniors and disabled Medicare beneficiaries with much-needed discounts and information on their prescription drugs. The purchasing power behind the Medicare population is expected to save beneficiaries ***an average of 10 to 25 percent*** off the retail price of most drugs.

- The voluntary drug card program is not a drug benefit; it is an important first step in providing Medicare beneficiaries the education and assistance they need to make the costs of prescription drugs more affordable. The drug card program is slated to begin six months after the Medicare bill is signed into law, and will end when Medicare implements a new, permanent prescription drug benefit in 2006.
- All Medicare beneficiaries, except those who have Medicaid drug coverage, can get the drug card. Beneficiaries will have a choice of at least two Medicare-endorsed cards but will be allowed to enroll in only one drug card at a time. Beneficiaries can enroll at any time prior to January 1, 2006, and, if they wish, can change card sponsors for 2005 (which includes the transition period in 2006).
- Card sponsors can be Pharmacy Benefit Managers (PBMs), wholesalers, retail pharmacies, insurers, or Medicare+Choice plans. No card sponsor will be permitted to offer a mail-order only program. Participating beneficiaries can then continue to get the help they need from the community pharmacists they trust as all endorsed cards must include an extensive national or regional network of retail pharmacies.
- Drug card sponsors will be required to provide information to beneficiaries on the enrollment fee, which cannot be more than \$30 per year, and to publish discount prices for prescription drugs. This will encourage price competition and simplify the prescription drug buying decisions of seniors and people with disabilities. Medicare will also provide reliable, easy-to-compare information that will allow beneficiaries to choose the discount card program that best meets their needs.

Transitional Low-Income Benefit. In addition to receiving discounts through the drug card, beneficiaries with incomes below 135 percent of the federal poverty level (\$12,123 for individuals, \$16,362 for couples for 2003) will get a Federal subsidy of up to \$600 per year to purchase their prescription drugs. The Federal government will also pay the full enrollment fee for these cardholders. Beneficiaries who receive this annual subsidy will be required to pay coinsurance between 5 to 10 percent on each discounted prescription drug. The subsidy, in conjunction with the discount card, will give these most vulnerable citizens immediate assistance in purchasing prescription drugs they otherwise could not have afforded.